

Message Text

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14

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 NSCE-00 SSO-00 USIE-00 INRE-00 /117 W

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O R 150930Z SEP 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 0280

INFO AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

C O N F I D E N T I A L JAKARTA 11366

E.O. 11652: GDS

TAGS: ENRG ID

SUBJECT: OPEC OIL PRICE DECISION

REF: STATE 217382

1. AMBASSADOR CONVEYED SUBSTANCE REFTEL TO MINISTER OF MINES SADLI SEPTEMBER 15. WE HAVE APPOINTMENT SEPT 16 WITH DIRECTOR OIL AND GAS WIJARSO WHO WILL BE MEMBER OF INDONESIAN DELEGATION TO OPEC MEETING.

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2. SADLI, IN RESPONSE, REPEATED WHAT HE HAD PREVIOUSLY

TOLD US (JAKARTA 11034, PARA 3), THAT INDONESIA HOPED FOR OPEC INCREASE WHICH WOULD PERMIT INDONESIA ADJUST ITS CURRENTLY OVER-PRICED OIL. INDONESIA WOULD PRESUMABLY NOT INCREASE ITS PRICE OR WOULD MAKE ONLY MODEST TOKEN INCREASE. SADLI SAID SUCH VARIATION FROM OPEC DECISION WOULD NOT CAUSE PROBLEMS SINCE OPEC MEMBERS CURRENTLY RECOGNIZED THT CURRENT TRANSPOT AND SULPHUR PREMIUM FACTORS MADE INDONESIAN OIL OVER PRICED. SADLI FURTHER SAID THATWHILE GOI OBVIOUSLY CONCERNED WITH HEALTH OF ECONOMIES IN INDUSTRIAL COUNTRIES, SENTIMENT EXISTED IN GOI CIRCLES THAT \$1.00 PER BARREL INCREASE WOULD NOT DISRUPT PROCESS OF RECOVERY.

3. SADLI ACKNOWLEDGED THAT GOI HAD LEFT OIL PRICE AND OPEC POLICY LARGELY UP TO GENERAL IBNU SUTOWO OF PERTAMINA AND WIJARSO AND THAT TWO WERE GOING UNINSTRUCTED TO VIENNA. SINCE GOVERNMENT HAS CONTINUED BENEFIT FROM OPEC POLICIES, GOVERNMENT HAS NOT INTERVENED IN OPEC AFFAIRS. ACCORDING SADLI, SUTOWO AND WIJARSO ORDINRILY DO NOT EVEN MAKE WRITTEN REPORTS TO GOVERNMENT ON OPEC STATEMENTS. HE FURTHER ADDED THT SUTOWO WAS "STUBBORN" ON PRICE QUESTION AND THAT, GIVEN CURRENT DELICATE POSITION OF PETTAMINA AND SUTOWO, DOWNWARD ADJUSTMENT OR "STATUS QUO" WOULD BE DIFFICULT.

4. AMBASSADOR SUGGESTED THAT OIL PRICE INCREASE QUESTION HAD NOW REACHED POINT WHEN IT WAS LIKELY AFFECT MATTERS OF INTEREST TO INDONESIA BEYOND PETROLEUM SECTOR AND PERHAPS TIME HAD COME FOR GOVERNMENT TO TAKE ACTIVE INTEREST. AMBASSADOR MENTIONED FACT OF POSSIBLE IMPACT IN CONGEESS ON ASSISTANCE TO INDOENSIA AND REPEAL OF OPEC EXCLUSION IN TRADE ACT.

5. SADLI AGAIN REPEATED THT INDONESIA VOICE IN OPEC WAS SMALL BUT SUGGESTED THAT IF ANY APPRECIABLE OPPOSITION EXISTED TO PRICE INCREASW SUCH AS BY SAUDI ARABIA, THERE WOULD NOT BE NECESSARY OPEC CONSENSUS FOR INCREASE.

6. IN VIEW SADLI'S COMMENTS ON GOVERNMENT'S ROLE (WHICH SHOULD BE TAKEN WITH SOME RESERVATIONS), EMBASSY
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WILL SEEK CONVEY CONCERNS TO OTHER MINISTERS AS WELL. OTHER KEY MINISTERS, HOWEVER, INCLUDING MALIK, MOCHTAR AND SOEMITRO, TEMPORARILY OUT OF COUNTRY. IBNU SUTOWO CURRENTLY IN U.S. ENROUTE TO VIENNA AND DUE IN WASHINGTON SEPT 15-16. SUGGEST, IF POSSIBLE, SIMILAR APPRAOCH BE MADE TO HIM, TAKING INTO ACCOUNT HIS SENSITIVITIS AND PRESENT DELICATE SITUATION OF PERTAMINA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, POLICIES, PRICES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JAKART11366
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750318-1015
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750952/aaaabucy.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 217382
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by BoyleJA>; APPROVED <10 NOV 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC OIL PRICE DECISION
TAGS: ENRG, ID, OPEC, (SADLI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006